

Mr. President, while I have not always agreed with the FASB's pronouncements and activities over the years, I believe strongly in an independent standard setting body and I believe the FASB has worked well. It has earned praise for its evenhanded, principled and well-reasoned decisions from professionals in the accounting profession, from the SEC and the financial media, and investors.

Mr. President, at times, the FASB's activities have generated controversy and opposition from those affected by and opposed to its pronouncements. At this particular moment, the FASB is encountering stiff criticism as a result of its attempt to require institutions who hold derivatives to provide some type of fair market value financial reporting.

As my colleagues are aware, derivatives are highly complex financial instruments that can and do perform an important role in effective risk management by enabling commercial corporations, governments and financial firms and others, in the U.S. and worldwide, to reduce their exposure to fluctuations in interest rates, currency exchange rates, and the prices of equities and commodities. Derivatives also enable users to reduce funding costs and speculate on changes in market rates and prices. But Congress is also well aware that the use and misuse of derivatives can cause severe financial shocks. Hearings held by the Banking Committee in recent years demonstrated that derivatives improperly used, and inadequately regulated, can expose an institution or company to potential ruin with serious consequences for depositors, investors, taxpayers and, potentially, the stability of the financial system.

Mr. President, regulatory agencies and Congress have studied the numerous regulatory, policy and disclosure issues raised by derivatives. Among the more serious findings is that derivatives generally do not need to be accounted for in financial statements. In other words, there are billions of dollars worth of derivatives outstanding that are not reflected adequately in the financial statements of major industrial companies, banks and other large derivative users.

In 1994 a GAO study, (Financial Derivatives: Actions Needed to Protect the Financial System), recommended that the FASB:

Proceed expeditiously to issue its existing exposure draft on disclosures of derivatives and fair value of financial instruments.

Proceed expeditiously to develop and issue an exposure draft that provides comprehensive, consistent accounting rules for derivative products, including expanded disclosure requirements that provide additional needed information about derivatives activities.

Consider adopting a market value accounting model for all financial instruments, including derivative products.

Mr. President, the FASB is earnestly pursuing this complicated objective

with the support of the SEC, the accounting profession and most investment professionals. The critics and opponents of the proposed derivative accounting standards are now taking the extraordinary step of asking Congress to intervene in the FASB's standard setting procedures. This not only threatens the FASB's ability to determine appropriate standards for disclosure of derivatives-related information, it seriously jeopardizes its independence. This course of action is extremely unwise and provides continuing justification for having an independent, professional entity to set accounting and financial reporting requirements, like the FASB, rather than the Congress or a government agency.

Mr. President, it is obvious that Congress lacks the technical expertise and resources to develop accounting standards, as does the SEC. In addition, federal bank regulators lack the impartiality to administer disclosure standards dedicated to investor protection and public disclosure since the banking laws are geared to maintaining public confidence in financial institutions rather than requiring the full and complete disclosure of a financial institution's real financial condition.

Mr. President, Congress should resist the suggestion of removing standard setting from the public sector and transferring it to a government agency. If history is any guide, this step would create more problems than it would solve. Every recent effort by a government agency, including the Congress, to set accounting standards has been a total failure. For example, during the early days of the savings and loan crisis, the FSLIC (Federal Savings and Loan Corporation—the former S&L regulator) created "supervisory goodwill" as a mechanism by which healthy thrifts could acquire or invest in fledgling ones. Regulators permitted supervisory goodwill to qualify as regulatory capital. Then, in 1989, Congress enacted stricter capital standards under the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) and mandated that all supervisory goodwill was to be charged-off over an accelerated period ending in 1994, causing severe capital constraints, even pushing some S&Ls to liquidate assets at a severe discount. Between the actions of the regulators and the Congress, the S&L crisis lasted longer than necessary, the recovery took longer than necessary and eventually ended in a \$130 billion taxpayer-financed bailout. In fact, the final costs to the federal government of the S&L bailout may increase as a result of the ongoing "supervisory goodwill litigation."

Mr. President, the FASB started working on derivatives and hedging in 1991. It has had an extensive and open process that has involved ample opportunity for public comment, debate and participation by all constituents. This open and deliberative process is still

ongoing and will, in the end, produce thoughtful and comprehensive accounting standards that will better inform investors and the financial markets as a whole and contribute to their effective functioning.

Mr. President, I do not want to dwell on the S&L crisis or on the benefits and risks of derivatives. Instead, I simply want to underscore that Congress should not disrupt the FASB's independence and professionalism in setting accounting standards, for derivatives or for any other project. The SEC has jurisdiction over the FASB and the Congress already conducts oversight of the SEC and the FASB. In fact, the Subcommittee on Securities has held two hearings on the derivatives issue. I would oppose authorizing the SEC, or any other federal agency, to set accounting standards. We should leave to the private sector the responsibility to develop accounting and financial reporting standards that are at the heart of the success of our process of capital formation.●

NATIONAL SPORTSMANSHIP DAY

● Mr. REED. Mr. President, March 3rd was the eighth annual celebration of National Sportsmanship Day in over 10,000 schools in all fifty states and more than 100 countries throughout the world.

Recognized by the President's Council on Physical Fitness, National Sportsmanship Day was conceived by the Institute for International Sport, located in my home state of Rhode Island. As the President's Council Co-Chairs Tom McMillen and Florence Griffith Joyner have stated, "this event will serve as a highly visible, one-day effort to stress the importance of ethics and sportsmanship, not just on the athletic field but in all aspects of life. . . . having a powerful and positive effect on the youth of the United States and the world."

Heeding President Clinton's challenge to begin a serious dialogue on race relations in the United States, the centerpiece of this year's National Sportsmanship Day was a seminar and town meeting at the University of Rhode Island discussing race issues in sport. This day long event included panels composed of athletes, coaches, and journalists who discussed the many different aspects of these issues.

In addition, the Institute has enlisted the help of several Sports Ethics Fellows, including Mills Lane, a Reno, Nevada district judge and internationally known professional boxing referee, Billy Packer, CBS sports commentator, and Ken Dryden, the president and general manager of the Toronto Maple Leafs. These men and women are wonderful role models who can be admired for more than just their athletic prowess. They have consistently demonstrated an interest in furthering the principles of honesty and integrity in sport and society.

These Sports Ethics Fellows are helping to teach the important lessons of

National Sportsmanship Day by developing programs for National Sportsmanship Day. Through competition, young athletes can learn that while winning is a worthy goal, honor, discipline, and hard work are more important. Indeed, these values will guide them in all aspects of everyday life.

Mr. President, I ask my colleagues to join the President's Council on Physical Fitness and Sports and the Rhode Island Congressional delegation in recognizing this day and the principles it embodies.●

THOM HINDLE: DOVER'S CITIZEN OF THE YEAR

● Mr. SMITH of New Hampshire. Mr. President, I rise today to congratulate Thom Hindle, a distinguished individual, for being named the 1998 Dover Citizen of the Year. I commend his passion for American history and his inexhaustible dedication to keeping it alive.

Thom, a Dover native, became very concerned that the history of Dover was not given the appreciation nor the recognition it deserved. As a result, Thom set out to remind and educate the community about the important facts and contributions Dover's history has to offer.

Thom became the trustee for the Woodman Institute, an organization that focuses on preserving and documenting the past. Thom felt that he was preserving Dover's "hidden treasures" and sought to give everyone the chance to experience them. To keep it alive, he wrote a historical book on Dover which included written and pictorial information for future generations.

Thom is also the president of the Northam Colonists, Dover's historical society, as well as a member of the Heritage group, a committee that is part of the historical society. The committee centers on historical areas of the town and also provides guided tours during the fall, which focus on historic homes and other noteworthy sights. He is also a trustee to Dover's oldest elderly care facility, The Wentworth Home. As a trustee, he raises money for a number of city projects that improve the visual aesthetics of the community. His work not only recognizes the important tributes of the past but also those that enrich the present.

As a former history teacher, I appreciate Thom's commitment to history. It is imperative to remember our country's past, to see where we have been as a nation, and to see where we are going as a people. Not honoring American history is not honoring those who have fought, died, and sacrificed for the great nation we have today.

Therefore, we as a generation should carry on the tradition our forefathers started: to continue to fight and strive to improve the lives of generations to come and to never give up the aggressive crusade for greatness and consist-

ent drive for virtue. Like Thom, we should continue to defend the past and augment the future. Mr. President, I want to congratulate Thom for his outstanding work and I am proud to represent him in the U.S. Senate.●

37TH ANNIVERSARY OF THE PEACE CORPS

● Mr. DODD. Mr. President, yesterday, March 3, was designated by the President as the day to pay public tribute to the 37th anniversary of the Peace Corps. Although the official anniversary technically occurred on Sunday, March 1, a day during the week for events to be sponsored in honor of the Peace Corps' anniversary proved to be more practical.

It was nearly four decades ago that President Kennedy signed legislation into law to create the Peace Corps in 1961 and sent the first class of volunteers to Ghana. Since its founding, more than 150,000 Americans have served in the Peace Corps.

The public recognition of the Peace Corps' anniversary has special significance for me personally, as I was fortunate enough to serve as a Peace Corps volunteer in the Dominican Republic some years ago. Like other Americans who have had the honor of serving as Peace Corps volunteers, my service in the Dominican Republic will remain one of the most important periods of my life.

Currently there are 6,500 volunteers, serving in 84 countries around the globe. These people dedicate two years of their lives to addressing the critical development needs of impoverished communities. They help people gain access to clean water, grow more food, help prevent the spread of AIDS, teach English, math and science, aid entrepreneurs in the development of new business, and work with non-governmental organizations to protect the environment.

The Peace Corps has been marked by much success thanks to current and returned Peace Corps volunteers. Based on the Peace Corps' high level of achievement since its creation, and taking into account the unmet needs of the developing world, I support the proposed increase in the Peace Corps Fiscal Year 1999 budget.

The value of the Peace Corps is not limited solely to its overseas volunteer service. There is a "domestic dividend" as well—the experience and value that is brought back to the communities where volunteers return once their two year tour is over. Experience has shown that Returned Peace Corps volunteers participate in their communities across the nation more than most other Americans.

This week, as the nation celebrates the 37th anniversary of the Peace Corps, more than 350,000 students in all 50 states will learn more about life in the developing world by talking with and listening to 5,000 current and returned volunteers, in person, via sat-

ellite and by phone. In my home state of Connecticut, one of six states and 23 cities that declared March 3 as Peace Corps Day, students in New London talked to current Peace Corps Volunteers in Panama and students at Balboa High School in Panama via a live CU-SeeMe video conference. With advancing technology, it is exciting to have students in the United States learn more about people in different corners of the world, without even leaving their classroom.

Finally, I commend all of those volunteers, both past and present who have contributed to the success of the Peace Corps. Every anniversary is an important one. This one has been made special by being officially recognized as Peace Corps Day—something that will hopefully become an annual occurrence. It serves as an opportunity for Americans to learn about other cultures of the World and to pay tribute to the more than 150,000 Americans who have dedicated part of their lives to making this a better World to live in. I am confident that we in the Senate are proud of each and every one of them.●

TRIBUTE TO THE EAGLE SCOUTS OF TROOP 358

● Mr. SANTORUM. Mr. President, I rise today to recognize a very special group of young men from one of the oldest African American Boy Scout units in the nation. On February 7, 1998, eleven members of Troop 358 were officially honored as Eagle Scouts.

Troop 358, sponsored by Grace Baptist Church of Germantown, Pennsylvania, has a proud tradition of achievement. In 45 years, Troop 358 has produced a total of 33 Eagle Scouts—including this year's class. To put this in perspective, consider that only 2.5 percent of the nation's 4.5 million scouts ever become Eagle Scouts. Moreover, only about 1 percent of African American scouts reach this goal.

Eagle Scouts learn valuable lessons in leadership, honor, and pride in their communities. In fact, the community service projects that the Scouts completed to earn their badges are as extraordinary as the young men themselves. For instance, one new Scout set up a workshop for inner city kids who wanted to prepare for the Scholastic Aptitude Test. Another young man wrapped up his Eagle service project painting a school. Still another ploughed through months of paperwork to complete 8 of his 29 merit badges in one week.

Mr. President, these 11 new Eagle Scouts—Jarrett Coger, Jerece Barnes, Askia Fluellen, Bruce Frazier, Andre Kydd, Jared LeVere, Sean Long, Kyle McIntosh, Robert Redding, Ernest Stanton and Anwar White—are a credit to their families and to their scoutmasters, A. Bruce Frazier and Charles M. Whiting. They are also living tributes to the late Earl Grayson, who led Troop 358 through both good and bad times for 36 years.